

31 October 2023

## UPDATE FOR THE QUARTER ENDING 30 SEPTEMBER 2023

MEC Resources Ltd (ASX: MMR, ACN 113 900 020) ("**MEC**" or "**the Company**") is pleased to provide its Quarterly Report & Appendix 4C ("**Quarterly Cashflow Report**") for the quarter ended 30 September 2023.

### Operational Update

MEC has a non-controlling interest in the unlisted energy explorer Advent Energy Ltd ("**Advent**") of 38.27%.

Advent holds a range of energy-based opportunities via its investee company Advent. Via Advent the Company has been assessing new investment opportunities, where there are ever increasing obligations to provide energy solutions with a responsible management and protection against carbon emissions. The transitioning from hydrocarbons such as coal and oil to hydrogen, produced with no emissions is now presenting real economies and growth globally. Although natural gas also presents continued growth and will play a role for many years to come, it too will need to become a source of energy with no CO2 emissions.

MEC continues to monitor its investment in Advent and has representation on the board of Advent in directors Anthony Huston, David Breeze and Steve James.

### Advent Energy has provided the following information to MEC

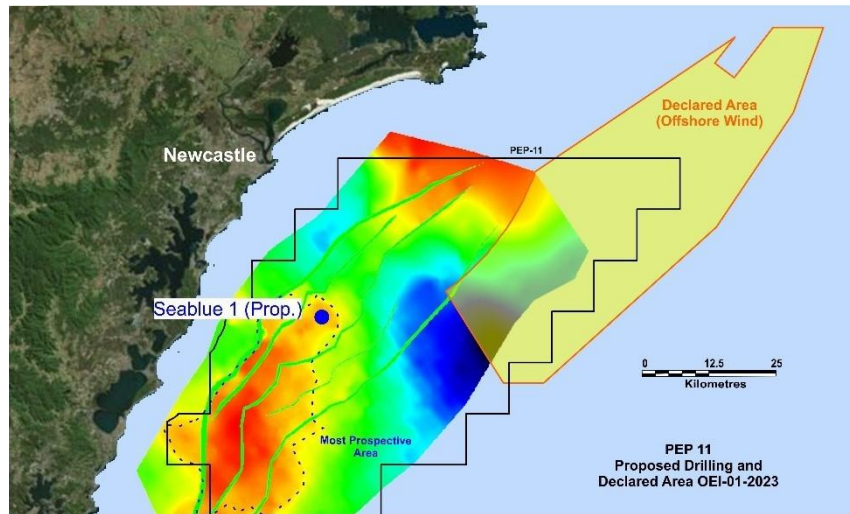
#### **PEP 11 Joint Venture**

Advent's (MEC 38.27% direct interest) 100% subsidiary Asset Energy Pty Ltd ("**Asset**") had applied to the Federal Court pursuant to section 5 of the Administrative Decisions (Judicial Review) Act 1977 (Cth) and section 39B of the Judiciary Act 1903 (Cth) to review the decision of the Commonwealth-New South Wales Offshore Petroleum Joint Authority (Joint Authority), constituted under section 56 of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth) (Act), to refuse to vary and suspend the conditions of Exploration Permit for Petroleum No.11 (PEP 11 Permit), pursuant to section 264(2) of the Act, and to refuse to extend the term of the PEP 11 Permit, pursuant to section 265 of the Act. Asset is a 100% owned subsidiary of Advent Energy Ltd and has lodged the appeal as Operator for and on behalf of the PEP11 Joint Venture Partners, Bounty Oil and Gas NL (ASX:BUY) and Asset.


The PEP11 interests are:

- Advent Energy 85 %
- Bounty Oil and Gas NL 15%

On 14 July 2023 the Hon Chris Bowen, Minister for Climate Change and Energy, gazetted/designated an area of the Pacific Ocean area off the Hunter Region of NSW as suitable for offshore wind energy development and that it would be open for industry to develop wind farms (Declared Wind Area). It will become Australia's second official offshore wind energy zone. Having reviewed the PEP 11 seismic data and the drill data from the Seaclem 1 well the Declared Wind Area does not materially impact the PEP 11 Title or the main PEP 11 target areas. (See map below)



Map showing PEP-11 Permit, with declared wind energy development area (Declared Area) OEI-01-2023

OEI-01-2023 

Location of Planned Seablue-1 well 

Area of highest prospectivity in PEP-11 

The Company welcomes this declaration/gazettal as it reinforces our belief that decarbonising the global energy system will require the use of a mixture of technologies encompassing renewable energy resources, carbon sequestration and natural gas. There are and will be offshore areas where wind, gas and carbon sequestration activities will overlap, and it is the Company's belief that a holistic approach should and will be taken to ensure that clean energy is produced in a reliable and cost-effective manner. In April 2023 of this year Assets' parent company Advent Energy made a submission to the consultation website of the Department of Climate Change, Energy, the Environment and Water on the proposed Hunter offshore wind development area. Advent has had preliminary discussions to explore synergies with one of the wind technology companies who are planning to tender for and develop part of the Declared Wind Area and has scheduled further consultation.

Asset Energy continues to progress the joint venture's applications for the variation and suspension of work program conditions and related extension of PEP-11. This application follows from the fact that in February 2023 a decision by the previous Commonwealth-NSW Joint Authority to refuse the application was quashed by the Federal Court of Australia. Asset has provided additional updated information to the Commonwealth-NSW Joint Authority and the National Offshore Petroleum Titles Administrator ("NOPTA") in relation to its applications.

While the applications for the variation and suspension of work program conditions and related extension of PEP-11 are being considered by NOPTA, Asset is investigating the availability of a mobile offshore drilling unit to drill the proposed Seablue-1 well on the Baleen prospect which would take approximately thirty-five days to complete. Asset is in communication with drilling contractors and other operators who have recently contracted rigs for work in the Australian offshore beginning in the first half of 2024.

PEP-11 continues in force and the Joint Venture is in compliance with the contractual terms of PEP11 with respect to such matters as reporting, payment of rents and the various provisions of the Offshore Petroleum and Greenhouse Gas Storage Act 2006 (Cth).

## ***Clean Hydrogen Technologies***

On 2 August 2022 MEC announced that Advent had made an investment in hydrogen technology company Clean Hydrogen Technologies Corporation ("**Clean Hydrogen**" or "**Vendor**" or "**Borrower**"), where BPH Energy Ltd ("**BPH**" ASX:BPH) and MEC investee Advent settled for the acquisition of a 10% interest in Clean Hydrogen for US\$1,000,000 ("**Cash Consideration**") (8% BPH and 2 % Advent).

The Purchasers had a first right of refusal to invest further in Clean Hydrogen to a maximum of a further US\$1,000,000 for an additional 10% interest. The Purchasers loaned a further US\$950,000 ("Additional Cash Consideration") under this agreement and the Purchasers and Clean Hydrogen have now executed a Loan Conversion Agreement which enabled the conversion of the US\$950,000 loan into the relevant Subscription Shares Tranche 2, representing the Purchasers further 9.5% interest in Clean Hydrogen.

MEC investee Advent now has an interest of 3.9% interest in Clean Hydrogen. Clean Hydrogen has also issued 190 share options to Advent, with an exercise price of USD\$3,000 each, exercisable immediately, with the option to convert into shares in Clean Hydrogen expiring ten years from the date of issue.

The parties acknowledge and agree that the Cash Consideration and Additional Cash Consideration shall be used by Clean Hydrogen to design, build, produce and test a reactor that can produce a minimum of 3.2kgs and as high as 15kgs of hydrogen per hour and to submit at least 2 new patents in an agreed geography, relevant to the production of hydrogen from proprietary technology.

## **Corporate Update**

### ***ASX Suspension Status***

The Company's shares are currently suspended from the ASX however the Board continues to liaise and provide information to the ASX as it works towards the return of its shares to trading status.

On 12 January 2022, the Company made a further formal submission to the ASX following its original submission on 16 December 2020 which included a shareholder meeting seeking approval of various resolutions the aim of which is to have MEC readmitted to trading status.

On 13 September 2022 the Company made a further follow-up submission.

Following the Company's recent 2022 AGM it is seeking to further engage with the ASX in relation to its previous submission.

### ***Entitlement Offer***

The Company is also working on an entitlement offer document which it expects to complete following feedback from the ASX in relation to its submission of 13 September 2022. The status of this matter has not changed since the June 23 quarterly report.

## **Notice of 2022 Annual General Meeting**

On 6 June 2023 MEC issued a notice of meeting in relation to its 2022 Annual General Meeting which was held on 4 July 2023.

As announced on 5 July 2023 Results of Meeting – Resolutions 1 to 12 and 14 to 17 were all passed with Resolution 13 being adjourned to a further meeting on 2 August 2023.

On 2 August 2023 the AGM meeting was resumed to deal with Resolution 13 which was approved by shareholders.

## **Share Issues**

Following 2022 AGM shareholders' approval on 4 July and 2 August 2023 the Company issued shares to partly settle directors' fees and services and issued options as part of the placement to professional and sophisticated shareholders announced on 26 April 2023 as follows; (noting that no cash was raised from the issue of shares to partly settle outstanding directors fees)

<b>Date</b>	<b>Security Class</b>	<b>Number</b>
12 July 2023	Options	40,741,652
12 July 2023	Ordinary shares	109,502,463
<b>Share issue after end of September 2023 quarter</b>		
19 October 2023	Ordinary shares	14,169,468

We once again thank you for your continued patience, support and welcome your questions/comments regarding the Company.

If you have any questions, please do not hesitate to contact David Breeze on 08 9328 8477 or email [info@mecresources.com.au](mailto:info@mecresources.com.au).

This announcement has been approved by the Board of Directors of MEC.

David Breeze  
Managing Director  
MEC Resources Ltd

## Appendix 4C

### Quarterly cash flow report for entities subject to Listing Rule 4.7B

**Name of entity**

MEC Resources Limited

**ABN**

44 113 900 020

**Quarter ended ("current quarter")**

30 SEPT 2023

<b>Consolidated statement of cash flows</b>	<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	-	-
1.2 Payments for		
(a) research and development	-	-
(b) product manufacturing and operating costs	-	-
(c) advertising and marketing	-	-
(d) leased assets	-	-
(e) directors/staff costs	13	13
(f) administration and corporate costs*	(61)	(61)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	2	2
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Government grants and tax incentives	-	-
1.8 Other (provide details if material)	-	-
<b>1.9 Net cash from / (used in) operating activities</b>	<b>(47)</b>	<b>(47)</b>
<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) entities	-	-
(b) businesses	-	-
(c) property, plant and equipment	-	-
(d) investments	-	-
(e) intellectual property	-	-
(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter \$A'000	Year to date (12 months) \$A'000
2.2	Proceeds from disposal of:		
	(a) entities	-	-
	(b) businesses	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) intellectual property	-	-
	(f) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	19	19
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>19</b>	<b>19</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	-	-
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>
<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	224	224
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(47)	(47)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	19	19

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$A'000</b>	<b>Year to date (12 months) \$A'000</b>
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-
4.5	Effect of movement in exchange rates on cash held	-	-
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>158</b>	<b>158</b>

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$A'000</b>	<b>Previous quarter \$A'000</b>
5.1	Bank balances	158	158
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>158</b>	<b>158</b>

**6. Payments to related parties of the entity and their associates**

- 6.1 Aggregate amount of payments to related parties and their associates included in item 1
- 6.2 Aggregate amount of payments to related parties and their associates included in item 2

<b>Current quarter \$A'000</b>
0
-

Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments

## Quarterly cash flow report for entities subject to Listing Rule 4.7B

**7. Financing facilities**

*Note: the term "facility" includes all forms of financing arrangements available to the entity.*

*Add notes as necessary for an understanding of the sources of finance available to the entity.*

	<b>Total facility amount at quarter end \$A'000</b>	<b>Amount drawn at quarter end \$A'000</b>
7.1 Loan facilities	-	-
7.2 Credit standby arrangements	-	-
7.3 Other (please specify)	-	-
<b>7.4 Total financing facilities</b>	-	-

7.5 **Unused financing facilities available at quarter end** -

7.6 Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.

<b>8. Estimated cash available for future operating activities</b>	<b>\$A'000</b>
8.1 Net cash from / (used in) operating activities (Item 1.9)	(47)
8.2 Cash and cash equivalents at quarter end (Item 4.6)	158
8.3 Unused finance facilities available at quarter end (Item 7.5)	0
8.4 Total available funding (Item 8.2 + Item 8.3)	158
<b>8.5 Estimated quarters of funding available (Item 8.4 divided by Item 8.1)</b>	<b>3.36</b>

8.6 If Item 8.5 is less than 2 quarters, please provide answers to the following questions:

1. Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?

Answer:

2. Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?

Answer:

3. Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:



**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 31 October 2023.....

Authorised by: ..By the Board.....  
(By the Board – see note 4)

**Notes**

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standard applies to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.